

## **Financial Responsibility Mechanisms Information Sheet**

A single mechanism, or a combination of mechanisms, can be used to provide financial responsibility. An owner or operator using the state fund must also use one or more of the other mechanisms for the deductible, currently \$25,000 *per occurrence*. Please note the state fund requires that all other financial responsibility mechanisms being used must be exhausted before the state fund can be used.

The following information is only an outline of the various financial responsibility mechanisms. Specific language that must be used for the tests, policies, or letters can be found in the South Carolina Underground Storage Tank Control Regulations, R.61-92, Part 280. The documentation required to be submitted with the Certificate of Financial responsibility is listed with each mechanism.

### **Financial Responsibility Mechanisms**

1. State Fund (SUPERB) The State Underground Petroleum Environmental Response Bank (SUPERB) Account can be used to cover site rehabilitation costs and the SUPERB Financial Responsibility Fund to cover third-party claims. The two state assurance funds provide a combined maximum coverage of \$1,000,000 *per occurrence* to cover these costs after payment of the deductible.

**Required Documentation** None

2. Self Insurance (280.101) The owner or operator uses this method of self insurance in conjunction with the state fund. They must demonstrate a tangible net worth of either \$50,000 or \$100,00, dependent upon the status of their USTs. At a minimum, a compilation statement prepared and signed by a Certified Public Account must be provided. The compilation statement must include a balance sheet.

**Required Documentation** Compilation Statement  
 Balance Sheet

3. Letter of Credit (280.99) A letter of credit is a contract between the issuer (normally a bank), the principal (the UST owner or operator), and the third party (DHEC). The issuer promises to pay a certain amount to the third party in the event the principal fails to meet an obligation. Letters of credit are negotiable and are stored in a vault at DHEC. Refer to Section 280.99 for language to be used.

**Required Documentation** Letter of Credit

3. Self Insurance (280.95) The owner or operator must demonstrate a tangible net worth of \$10 million or \$20 million, dependent upon the number of USTs owned. Refer to Section 280.95 for tests and language to be used.  
  
**Required Documentation** Letter from Chief Financial Officer
4. Guarantee (280.96) A guarantee is a promise by a third party (the guarantor) to fund a standby trust fund. The guarantee is issued by a third party with a significant business interest in the owner or operator. The third party must pass one of the financial tests for self insurance outlined in two or three (above). Refer to Section 280.96 for tests and language to be used.  
  
**Required Documentation** Letter from Chief Financial Officer
5. Insurance or Risk Retention Group (280.97) The owner or operator obtains liability insurance from a qualified insurer or risk retention group. The insurance must specifically address releases from USTs. Refer to Section 280.97 for language to be used.  
  
**Required Documentation** Certificate of Insurance  
Endorsement
6. Surety Bond (280.98) A surety bond is a guarantee by a surety company that it will meet the obligations of the owner or operator. Surety companies eligible to issue surety bonds are listed in Circular 570, issued annually by the U.S. Department of the Treasury. Refer to Section 280.98 for language to be used.  
  
**Required Documentation** Surety Bond
7. Trust Fund (280.102) The owner or operator may establish a fully funded trust fund. Money for corrective action and third-party liability costs is held and administered by an impartial third party. The full amount of the assured costs must be provided. Refer to Section 280.102 for language to be used.  
  
**Required Documentation** Trust Fund Agreement  
Certification of Acknowledgement
9. Local Government Options (280.104-107) Local government entities may use a bond rating test, a financial test, issue a guarantee, or dedicate a fund to meet financial responsibility requirements. Refer to Sections 280.104-107 for tests and language to be used.  
  
**Required Documentation** Letter from Chief Financial Officer  
Local Government Guarantee  
With Standby Trust  
Local Government Guarantee  
With-out Standby Trust